

United States Bankruptcy Court
Eastern District of Michigan
Southern Division

in re
City of Detroit, Michigan
Debtor

Chapter 9
Case 13-53846
Hon. Steven W. Rhodes
Docket 8480

Cindy Darrah
Appellant

v
City of Detroit, MI
Appellee

U.S. BANKRUPTCY COURT
E.D. MICHIGAN-DETROIT

2014 DEC 10 P 4:17

FILED

APPELLANT CINDY DARRAH'S DESIGNATION
OF THE CONTENTS OF THE RECORD AND
STATEMENT OF ISSUES ON APPEAL

I am filing & serving this Designation and
Statement to comply with Fed. R. Bk. R. P.
809(a)(1) [Effective December 1, 2014]. The
Designation and Statement relate to the appeal
I started by filing Notice of Appeal (Doc [redacted]) on November
26, 2014.

Items

Item no	date filed	doc #	description
1			Michigan Constitution Article 9, section 25
2			[U.S. constitution, Michigan Constitution 14th Amendment, sec. 1 and sec 4]
3			PA 436
4			Non Discrimination Clauses in Bankruptcy Law
5	8/19/13	477	Vesting rights and pensions of low paid workers and lack of good faith toward Detroit by the state of Michigan
6	4/7/14	4185	Failure to address root causes of financial distress
7	11/26/2014	attachment	John Lavre's letters to Michigan Attorney General (copy attached) and attachments including Rosemary C. Robinson's letter to Attorney General
8	4/14/2014	4194 and	Original 1978 Joe Louis Arena & Parking lease, Amended 1990 Lease, and current lease backdated to 2010 to be provided
9	4/14/2014	4194	Pensions, Vesting Rights, H2O dept Wallace Tuberville's Nov 2013 "An Equal Say and and equal chance for all "Regional Reconciliation: The Road not taken" by MOSES
10	12/15/14	8526	John Q. Adams work

Item No	date filed	doc #	description
9	4/23/2014	4239	Copy of Emergency Managers Imposed Parking Ordinance changes displays a lack of common sense Sec 55-6-50 (a) and (b) and (c) punitive, and more
10	5/9/2014	4605	
	8/19/2013	388	Michael Brown's Objection to Appointment of the Retiree Committee; Michigan
	7/11/14	5975	Employment Relations Rules for Union Electric Elections to be provided Unfair Election Procedures
11	5/12/14	4809	Demand a voice and support to communicate and assert our rights for equal & just treatment
12	7/8/2014	5819	The more money you have, "the more vote you have" violates equal protection.
13	8/2/2013	279	Order to Appoint Retiree Committee
14	12/05/2014	8574	John Quinn's work
15	12/10/2014		Det Gen Retirement System handouts and annual reports
16			transcripts related to topics above e.g. Kevin Orr, DWSD director etc
17			testimony
18			Affordable Care Act
			Civil Rights Act of 1968?

Issues

1. Did the bankruptcy err as a matter of law by confirming a plan of adjustment which violates the Michigan Constitution which protects pensions,

2. Did the bankruptcy court err as a matter of law by enjoining all individuals, affected by the ASF recoupment and/or reduction in their pension and in the medical benefits, and the elimination of cost of living, from commencing any proceedings against the GRS and its trustees, officers, employees or professionals, none of whom are debtors in this case, arising from GRS's compliance with the Plan or the Order Confirming Eight Amended Plan for the Adjustment of Debts for the City of Detroit?

Did the court err by dividing the retirees into 2 classes and treating them differently, and in effect ^{by} discriminating against the general retirees. Was this discrimination a part of institutional racial discrimination ~~as the~~ per ^{racial} make up of the separate board composition of general retirement system and staff vs the police and fire.

Was the Barclay loan ~~another~~ ~~used~~ Is the plan in ~~for~~ the interests of all Detroiters or ~~in the~~ for the enrichment of a few. The Barclay loan Over a $\frac{1}{4}$ of the \$120 million Barclay Loan supports a police state and $\frac{1}{4}$ the demolition of houses ~~that are~~ many of which are structurally sound but open, and another $\frac{1}{4}$ for parks,

In the course of discussing these issues I may address related issues and sub issues. I reserve the rights to raise additional issues and supplement or amend this statement to the extent permitted by law or court rule.

s/ Brenda J. Davis
"Cindy"

492 Peterboro
Dct 48201
313 414 581

12/10/14

Certificate of Service

I certify that on Dec. 10, 2014 I am filing a hard copy of the above document and the attached Exhibit A with the Clerk of the Court. I understand the Clerk will promptly scan the hard copy & file the resulting PDF version using ECF, thus effecting effective service on all persons entitled to service in this action.

Heather Lennox, representing the City at
hlennox@jonesday.com

Sam J. Alberts, representing the Retiree
Committee at sam.alberts@dentons.
com

Robert Gordon, representing GRS, at
rgordon@clark-hill.com

and

Ryan C. Plecha, representing DRCEA
at rplecha@lippittokeefe.com

and

~~Matth~~
Matthaeu Schneider representing the State
of Michigan at SchneiderM7@michigan.gov

[Signature]

Did the court err by deducting $4\frac{1}{2}\%$ from the general pension fund and eliminating cost of living.

Did the 1.4 billion swap loan ^{to the city of Detroit} get invested in the pension fund?

Did the unfunded liability of the general pension retirement fund cover both the general retirement and the annuity liabilities? Should the Emergency Manager ^{and the Attorney General} investigate the probable fraud of paying out ~~the~~ annuity bonuses that were bigger than the annual income there by depleting the pension fund.

Is it fair to make up the short fall out of the ^{general} ~~and constitutional~~ general retirement fund. Would it be fairer ^{relatively} to remove the clawback cap on annuity

was given to the city to cover any unfunded liability whenever investment profits were insufficient to guarantee payment i.e. cover the liability. It was the annuity not the general retirement board that siphoned money out of the city by paying out more than was made on the annuity, starting the year they did the swap in 2006, I believe. they paid out more in 2005 too, but only 104.7%.

% favor richer people, workers, and retirees. Do not divide the police and fire retirement class from the general retirement class. Equal treatment, but the lack of social security each mo

Was the different treatment given to Police and Fire compared to general pension fund a violation of equal protection of law? Was this institutional racism?

Was the ~~then~~ 4 1/2% reduction & elimination of Cola Fair to the lowest paid workers who couldn't afford an annuity?

Was the elimination of healthcare for retirees not qualified for medicare, a violation of the Affordable Care Act?

Was the preference given to Police & Fire both in pensions and the Pal of (mal) adjustment a violation of equal protection and discriminatory against civilian workers and retirees and the citizens of Detroit.

Page numbers 11 through 18 of Dkt. #8812 have been expunged from the record pursuant to the order of the Court entered on 12/30/2014 at Dkt. #8983

15

DETROIT GENERAL RETIREMENT SYSTEM UNDER THE PLAN OF ADJUSTMENT

FREQUENTLY ASKED PENSION QUESTIONS FOR ACTIVE GENERAL CITY EMPLOYEES RELATING TO ANNUITY SAVINGS FUND

Q1 -- Where can I find information about the Annuity Savings Fund return rates for Fiscal Years 2004-2013 to replicate the calculation of excess earnings and verify the estimated recoupment that appears on my ballot?

A1 -- For purposes of calculating the excess regular interest earnings in your Annuity Savings Fund account in the City's proposed Plan of Adjustment, the City used the same rule that was provided in former Section 47-1-18 of the Detroit City Code in effect when the recoupment amounts were calculated. Under that rule, annual Annuity Savings Fund interest credit was based on the actual returns earned by GRS, except that in no year could the return be less than zero (0%) or more than 7.9%. Section 47-1-18, as amended, is now Section A-18 of Component II of the New GRS Pension, and the maximum interest crediting rate will be 5.25%, effective for plan years beginning on or after July 1, 2014. See Q&A 7.

The market return rates that the GRS actually earned, the investment rates you were actually credited, and the return rates that were used to calculate excess earnings for purposes of Annuity Savings Fund Recoupment are as follows:

Fiscal Year End	Actual Market Rate of Return	Regular Interest Allocated to ASF Accounts	Bonus Interest Allocated to ASF Accounts	Investment Rate Under Code Section 47-1-18
June 30, 2004	15.577%	7.9%	0.0%	7.9%
June 30, 2005	9.171%	7.9%	1.340%	7.9%
June 30, 2006	11.558%	7.9%	13.474%	7.9%
June 30, 2007	18.938%	7.9%	15.086%	7.9%
June 30, 2008	-4.327%	7.9%	0.0%	0.0%
June 30, 2009	-19.667%	7.9%	0.0%	0.0%
June 30, 2010	4.540%	7.9%	0.0%	4.540%

June 30, 2011	20.218%	7.9%	0.0%	7.9% <i>OK</i>
June 30, 2012	0.529%	7.9%	0.0%	0.529% <i>OK</i>
June 30, 2013	12.233%	7.9%	0.0%	7.9% <i>OK</i>

Please be aware that if the total excess regular interest earnings and bonus interest earnings in your ASF Account based on the annual return rates set forth above were greater than 20% of the highest year-end value of your account, then for Plan of Adjustment purposes your excess earnings are 20% of the highest year end value of your account and not the excess amount.

Q2 -- Can I make a lump sum payment equal to the amount GRS seeks to recoup for the excess earnings on the Annuity Savings Fund, instead of having monthly deductions from my pension checks? If so, how do I make this payment?

A2 -- YES. After the Plan of Adjustment becomes effective, you will be given a **one-time** opportunity to make a lump sum payment of excess earnings to GRS. Shortly after the effective date of the Plan of Adjustment, you will receive an election form that will contain your lump sum payment amount and offer you the chance to repay excess earnings in a lump sum payment. You must return the election form no later than the election date set forth on the form ("Election Date") in order to be eligible for the lump sum option. There is a cap on the total amount of lump sum re-payments that can be made by all participants to GRS; if the total amount participants elect to pay in cash exceeds the cap, each electing participant will be permitted to make a lump sum payment of his or her pro rata share of the cap, as determined by GRS. The rest of the excess earnings will be deducted from your monthly pension checks. If you make an election, then within 14 days of the Election Date GRS will send you a "Final Cash Payment Notice" that contains the amount of your lump sum cash payment. You will have 90 days from the effective date of the Plan of Adjustment or 50 days from the date GRS mails your Final Cash Payment Notice (whichever date is later) to make a lump sum payment to GRS. **This deadline will not be extended for any person under any circumstances.** Payment must be made in the form of a cashier's check or wire transfer. No personal checks will be accepted.

Q3 -- If I have already "rolled" my annuity into another retirement plan, will GRS allow me to roll it back into GRS to cover the amount sought under the recoupment? If so, will this amount be subject to taxes?

A3 Maybe. See **Q&A 2** for a description of your right to make a lump sum cash repayment of amounts subject to recoupment. If the retirement plan or IRA that you rolled your annuity payment into is willing to directly transfer the recoupment amount to GRS, GRS will accept the transfer from the trustee of the retirement plan or the custodian of the IRA. Further information on how to make a transfer from a retirement plan or IRA will

be provided. The City recommends that you contact your personal tax advisor for information about the tax treatment of any amounts rolled back into GRS.

Q4 -- If I have not taken a full distribution of my Annuity Savings Fund account, will GRS recoup the balance in my Annuity Savings Fund account in full before deducting from my pension checks?

A4 -- YES. If the excess earnings cannot be recouped from the current balance in your Annuity Savings Fund account, then you can pay the remainder in a lump sum cash payment as described in Q&A 2. If you do not make a lump sum payment, your excess earnings will be recouped by reducing your monthly pension when you retire.

Q5 -- If I am a former City employee with more than 10—but less than 25—years of service and I previously withdrew the entire balance of my Annuity Savings Fund account and paid an early withdrawal penalty, how does GRS intend to recoup my excess earnings?

A5 -- The excess earnings that GRS intends to recoup was determined without regard to whether employees who took distributions of their Annuity Savings Fund accounts have already paid taxes on the distributions. If you paid taxes (including an early withdrawal penalty) when you received distribution of your Annuity Savings Fund account, you may be able to file an amended tax return. Neither the City nor any of its employees can provide tax advice to GRS members. The City recommends that you contact your personal tax adviser for more information.

Q6 -- Will I be able to withdraw the balance of my Annuity Savings Fund account after 25 years of service, and before reaching 60 or 62 years of age, and continue working for the City? Can I still “roll it over” into another retirement plan?

A6 -- YES, with respect to contributions you made to your Annuity Savings Fund account under the Old GRS Pension. There is no in-service withdrawal option for your voluntary after-tax contribution account under the New GRS Pension.

Q7 -- After June 30, 2014, is my Annuity Savings Fund account “frozen” like any pension I may have earned under the Old GRS Pension?

A7 -- Your contributions will stop under the Old GRS Pension effective as soon as practicable after June 30, 2014. You may make voluntary after-tax contributions of 3%, 5% or 7% of your pay to the GRS after that date, but those contributions will be subject to the rules under the New GRS Pension. Your Annuity Savings Fund account under the Old GRS Pension will continue to be credited with earnings until you withdraw it. For purposes of interest credits after June 30, 2014, your Annuity Savings Fund account will be credited with the actual net investment returns of GRS, except the credited interest rate will never be lower than 0% or greater than 5.25%.

2010

STATEMENT OF NET ASSETS AVAILABLE FOR PENSION BENEFITS

ASSETS	2010	2009
Cash	\$10,726,257	\$7,577,603
Investment, at market value	2,227,710,810	2,421,076,937
Accrued Investment Income	6,679,560	7,905,427
Contributions Receivable	8,131,716	19,375,638
Receivables from Investment Sales	23,213,005	27,955,916
Notes Receivables from Participants	21,977,110	0
Other Accounts Receivable	108,626	674,866
Capital Assets	1,237,754	1,343,458
Securities Lending Collateral	145,563,602	227,609,699
TOTAL ASSETS	\$2,445,348,440	\$2,713,519,544
LIABILITIES		
Payable for Investment Purchases	21,368,470	30,226,142
Claims Payable to Retirees and Beneficiaries	2,605,147	2,503,729
Accrued Pension Benefits	0	0
Due to Other Funds	1,354,035	2,215,132
Pension over Contribution	0	0
Other Liabilities	27,944,497	28,504,486
Securities Lending Collateral	145,563,602	262,933,520
TOTAL LIABILITIES	\$198,835,751	\$326,383,009
FUND BALANCES		
Annuit Reserves:		
Annuity Savings Fund	649,554,738	702,959,255
Annuity Reserve Fund	64,773,694	55,184,182
Pension Reserves:		
Pension Obligation Certificate	789,718,180	782,867,100
Pension Accumulation Fund	(390,279,024)	(50,241,235)
Pension Reserve Fund	1,884,694,816	1,779,078,370
Market Stabilization Fund	(751,949,715)	(882,231,137)
TOTAL FUND BALANCES	\$2,246,512,689	\$2,387,616,535
TOTAL LIABILITIES & FUND BALANCES	\$2,445,348,440	\$2,713,999,544

FINANCIAL SECTION

STATEMENT OF REVENUES, EXPENSES & CHANGES IN FUND BALANCE

	ANNUITY RESERVES			PENSION RESERVES				TOTAL	
	ANNUITY SAVINGS FUND	ANNUITY RESERVE FUND	MARKET STABILIZATION FUND	PENSION OBLIGATION CERTIFICATE	PENSION ACCUMULATION FUND	PENSION RESERVE FUND		2010	2009
Revenues:									
City Contributions	\$0	\$0	\$0	\$0	\$37,338,960	\$0		\$37,338,960	\$41,395,719
Members' Contributions	19,043,434	0	0	0	0	0		19,043,434	21,135,924
Investment Income, Net	36,844,250	4,054,537	130,281,422	55,393,274	(233,215,683)	131,571,311		124,929,111	(794,692,915)
TOTAL REVENUES	55,887,684	4,054,537	130,281,422	55,393,274	(195,876,723)	131,571,311		181,311,505	(732,161,272)
Expenses:									
Pension & Annuity Benefits	0	0	0	0	0	214,110,830		214,110,830	205,136,206
General & Administrative Expenses	0	0	0	0	6,118,891	0		6,118,891	5,354,617
Refunds	101,705,630	0	0	0	0	0		101,705,630	86,979,096
TOTAL EXPENSES	101,705,630	0	0	0	6,118,891	214,110,830		321,935,351	297,469,919
Excess (Deficiency) of Revenue Over (Under) Expenses	(45,817,946)	4,054,537	130,281,422	55,393,274	(201,995,614)	(82,539,519)		(140,623,846)	(1,029,631,191)
Transfers, Net	(7,586,571)	5,534,975	0	(48,542,194)	(137,562,175)	188,155,965		0	0
Fund Balances at Beginning of Year	702,959,255	55,184,182	(882,231,137)	782,867,100	(50,721,235)	1,779,078,370		2,387,136,535	3,416,767,726
FUND BALANCES AT END OF YEAR	\$649,554,738	\$64,773,694	(\$751,949,715)	\$789,718,180	(\$390,279,024)	1,884,694,816		2,246,512,689	\$2,387,136,535

STATEMENT OF NET ASSETS AVAILABLE
FOR PENSION BENEFITS

2009

ASSETS	2009	2008
Cash	\$7,577,603	\$2,315,339
Investment, at market value	2,421,076,937	3,470,347,295
Accrued Investment Income	7,905,427	13,561,485
Contributions Receivable	19,375,638	14,507,751
Receivables from Investment Sales	27,955,916	48,650,292
Other Accounts Receivable	674,866	541,846
Capital Assets	1,343,458	433,198
Securities Lending Collateral	227,609,699	424,341,849
TOTAL ASSETS	\$2,713,519,544	\$3,974,699,055
LIABILITIES		
Payable for Investment Purchases	30,226,142	94,700,600
Claims Payable to Retirees and Beneficiaries	2,503,729	2,857,636
Accrued Pension Benefits	0	0
Due to Other Funds	2,215,132	2,393,223
Pension over Contribution	0	0
Other Liabilities	28,504,486	33,638,021
Securities Lending Collateral	262,933,520	424,341,849
TOTAL LIABILITIES	\$326,383,009	\$557,931,329
FUND BALANCES		
Annuity Reserves:		
Annuity Savings Fund	702,959,255	732,670,998
Annuity Reserve Fund	55,184,182	45,973,766
Pension Reserves:		
Pension Obligation Certificate	782,867,100	766,439,992
Pension Accumulation Fund	(50,721,235)	343,602,550
Pension Reserve Fund	1,779,078,370	1,760,357,417
Market Stabilization Fund	(882,231,137)	(232,276,997)
TOTAL FUND BALANCES	\$2,387,136,535	\$3,416,767,726
TOTAL LIABILITIES & FUND BALANCES	\$2,713,519,544	\$3,974,699,055

FINANCIAL SECTION

STATEMENT OF REVENUES, EXPENSES & CHANGES IN FUND BALANCE

	ANNUITY RESERVES		PENSION RESERVES				TOTAL
	ANNUITY SAVINGS FUND	ANNUITY RESERVE FUND	MARKET STABILIZATION FUND	PENSION OBLIGATION CERTIFICATE	PENSION ACCUMULATION FUND	PENSION RESERVE FUND	
Revenues:							
City Contributions	\$0	\$0	\$0	\$0	\$41,395,719	\$0	\$43,168,448
Members' Contributions	20,905,060	0	0	0	230,864	0	20,358,640
Investment Income, Net	51,937,992	3,338,084	(649,954,140)	56,115,591	(387,899,498)	131,769,056	(217,055,114)
TOTAL REVENUES	72,843,052	3,338,084	(649,954,140)	56,115,591	(346,272,915)	131,769,056	(153,528,026)
Expenses:							
Pension & Annuity Benefits	0	11,496,019	0	0	0	193,640,187	196,775,146
General & Administrative Expenses	0	0	0	0	5,354,617	0	4,723,783
Refunds	84,742,839	0	0	0	2,236,257	0	74,217,378
TOTAL EXPENSES	84,742,839	11,496,019	0	0	7,590,874	193,640,187	275,716,307
Excess (Deficiency) of Revenue Over (Under) Expenses	(11,899,787)	(8,157,935)	(649,954,140)	56,115,591	(353,863,789)	(61,871,131)	(429,244,333)
Transfers, Net	(17,811,956)	17,368,351	0	(39,688,483)	(40,459,996)	80,592,084	0
Fund Balances at Beginning of Year	732,670,998	45,973,766	(232,276,997)	766,439,992	343,602,550	1,760,357,417	3,846,012,059
FUND BALANCES AT END OF YEAR	\$702,959,255	\$55,184,182	(\$882,231,137)	\$782,867,100	(\$50,721,235)	\$1,779,078,370	\$3,416,767,726

2008

STATEMENT OF NET ASSETS AVAILABLE FOR PENSION BENEFITS

ASSETS	2008	2007
Cash	\$2,315,339	\$15,414,839
Investment, at market value	3,470,347,295	3,874,977,644
Accrued Investment Income	13,561,485	14,317,270
Contributions Receivable	14,507,751	24,521,431
Receivables from Investment Sales	48,650,292	51,797,263
Other Accounts Receivable	541,846	473,054
Capital Assets	433,198	422,237
Securities Lending Collateral	424,341,849	544,026,578
TOTAL ASSETS	\$3,974,699,055	\$4,525,950,316
LIABILITIES		
Payable for Investment Purchases	94,700,600	83,174,040
Claims Payable to Retirees and Beneficiaries	2,857,636	5,219,683
Accrued Pension Benefits	0	0
Due to Other Funds	2,393,223	3,103,995
Pension over Contribution	0	0
Other Liabilities	33,638,021	44,413,961
Securities Lending Collateral	424,341,849	544,026,578
TOTAL LIABILITIES	\$557,931,329	\$679,938,257
FUND BALANCES		
Annuit Reserves:		
Annuity Savings Fund	732,670,998	733,143,529
Annuity Reserve Fund	45,973,766	42,997,446
Pension Reserves:		
Pension Obligation Certificate	766,439,992	750,755,287
Pension Accumulation Fund	343,602,550	352,318,500
Pension Reserve Fund	1,760,357,417	1,710,888,973
Market Stabilization Fund	(232,276,997)	255,908,324
TOTAL FUND BALANCES	\$3,416,767,726	\$3,846,012,059
TOTAL LIABILITIES & FUND BALANCES	\$3,974,699,055	\$4,525,950,316

FINANCIAL SECTION

STATEMENT OF REVENUES, EXPENSES & CHANGES IN FUND BALANCE

	ANNUITY RESERVES			PENSION RESERVES				TOTAL
	ANNUITY SAVINGS FUND	ANNUITY RESERVE FUND	MARKET STABILIZATION FUND	PENSION OBLIGATION CERTIFICATE	PENSION ACCUMULATION FUND	PENSION RESERVE FUND		
Revenues:								
City Contributions	\$0	\$0	\$0	\$0	\$43,168,448	\$0	\$43,168,448	\$41,444,808
Members' Contributions	20,339,030	0	0	0	19,610	0	20,358,640	19,438,360
Investment Income, Net	55,704,018	3,195,100	(488,185,321)	56,115,591	22,368,511	133,746,987	(217,055,114)	614,322,130
TOTAL REVENUES	76,043,048	3,195,100	(488,185,321)	56,115,591	65,556,569	133,746,987	(153,528,026)	675,205,298
Expenses:								
Pension & Annuity Benefits	0	5,424,733	0	0	0	191,350,413	196,775,146	206,185,678
General & Administrative Expenses	0	0	0	0	4,723,783	0	4,723,783	4,498,224
Refunds	73,127,536	0	0	0	1,089,842	0	74,217,378	73,588,557
TOTAL EXPENSES	73,127,536	5,424,733	0	0	5,813,625	191,350,413	275,716,307	284,272,459
Excess (Deficiency) of Revenue Over (Under) Expenses	2,915,512	(2,229,633)	(488,185,321)	56,115,591	59,742,944	(57,603,426)	(429,244,333)	390,932,839
Transfers, Net	(3,388,043)	5,205,953	0	(40,430,886)	(68,458,894)	107,071,870	0	0
Fund Balances at Beginning of Year	733,143,529	42,997,446	255,908,324	750,755,287	352,318,500	1,710,888,973	3,846,012,059	3,455,079,220
FUND BALANCES AT END OF YEAR	\$732,670,998	\$45,973,766	(\$232,276,997)	\$766,439,992	\$343,602,550	\$1,760,357,417	\$3,416,767,726	\$3,846,012,059

2006

INDEPENDENT AUDITOR'S REPORT

*to all active members & retirees of the
general retirement system of the city of detroit*

*The financial statements of the General Retirement
System of the City of Detroit have been audited
by the independent auditing firm of Plante Moran.
Plante Moran's report is available for review on
the Retirement System's web site, www.rscd.org.
Copies of the report can be obtained by a request,
in writing, to the Retirement System's Office.*

**STATEMENT OF NET ASSETS AVAILABLE
FOR PENSION BENEFITS**

ASSETS	2006	2005
Cash	\$14,631,971	\$23,279,582
Investment, at market value	3,469,494,373	3,383,373,136
Accrued Investment Income	17,112,437	10,236,614
Contributions Receivable	27,622,101	0
Receivables from Investment Sales	66,953,657	133,349,955
Other Accounts Receivable	543,597	475,090
Capital Assets	417,749	460,054
Securities Lending Collateral	548,294,329	0
TOTAL ASSETS	\$4,145,070,214	\$3,551,174,431
LIABILITIES		
Payables for Investment Purchases	94,932,100	167,433,642
Claims Payable to Retirees and Beneficiaries	3,964,094	15,317,706
Accrued Pension Benefits	0	0
Due to Other Funds	1,372,501	1,778,305
Pension over Contribution	0	12,303,429
Other Liabilities	41,427,970	35,455,022
Securities Lending Collateral	548,294,329	0
TOTAL LIABILITIES	\$689,990,994	\$232,288,104
FUND BALANCES		
Annuit Reserves:		
Annuity Savings Fund	653,487,930	632,101,967
Annuity Reserve Fund	41,969,180	38,652,617
Pension Reserves:		
Pension Obligation Certificate	701,180,684	680,103,722
Pension Accumulation Fund	313,967,553	304,087,675
Pension Reserve Fund	1,643,562,519	1,567,447,879
Market Stabilization Fund	100,911,354	96,492,467
TOTAL FUND BALANCES	\$3,455,079,220	\$3,318,886,327
TOTAL LIABILITIES & FUND BALANCES	\$4,145,070,214	\$3,551,174,431

FINANCIAL SECTION

STATEMENT OF REVENUES, EXPENSES & CHANGES IN FUND BALANCE

	ANNUITY RESERVES			PENSION RESERVES				TOTAL
	ANNUITY SAVINGS FUND	ANNUITY RESERVE FUND	MARKET STABILIZATION FUND	PENSION OBLIGATION CERTIFICATE	PENSION ACCUMULATION FUND	PENSION RESERVE FUND		
Revenues:							2006	2005
City Contributions	\$0	\$0	\$0	\$0	\$58,162,088	\$0	\$58,162,088	\$781,483,426
Members' Contributions	20,401,031	0	0	0	61,265	0	20,462,296	22,648,662
Investment Income, Net	119,783,196	3,178,316	4,418,887	53,728,194	61,647,172	134,428,986	377,184,751	276,414,652
TOTAL REVENUES	140,184,227	3,178,316	4,418,887	53,728,194	119,870,525	134,428,986	455,809,135	1,080,546,740
Expenses:								
Pension & Annuity Benefits	0	4,746,340	0	0	0	196,865,514	201,611,854	172,251,379
General & Administrative Expenses	0	0	0	0	3,670,575	0	3,670,575	4,023,939
Refunds	112,726,813	0	0	0	1,607,000	0	114,333,813	106,882,109
TOTAL EXPENSES	112,726,813	4,746,340	0	0	5,277,575	196,865,514	319,616,242	283,157,427
Excess (Deficiency) of Revenue Over (Under) Expenses	27,457,414	(1,568,024)	4,418,887	53,728,194	114,592,950	(62,436,528)	136,192,893	797,389,313
Transfers, Net	(6,071,451)	4,884,587	0	(32,651,232)	(104,713,072)	138,551,168	0	0
Fund Balances at Beginning of Year	632,101,967	38,652,617	96,492,467	680,103,722	304,087,675	1,567,447,879	3,318,886,327	2,521,497,014
FUND BALANCES AT END OF YEAR	\$653,487,930	\$41,969,180	\$100,911,354	\$701,180,684	\$313,967,553	\$1,643,562,519	\$3,455,079,220	\$3,318,886,327

2005 - 2006 FISCAL YEAR INVESTMENT ACTIVITY

The General Retirement System is a relatively mature plan in that the number of active employees is less than the number of retirees receiving benefits. The total benefits and refunds paid during the year were \$299,051,241. The investments of the system are the primary source of the funds used to pay these benefits. Accordingly, the investment activity and asset allocation must balance the desire for long term appreciation with relatively large requirements for cash to pay benefits every month.

The Board of Trustees has adopted the following goals and objectives which are designed to meet the 7.9% actuarial assumed rate of return for the fund:

- An 8.25% total return, net of investment management fees, coupled with a 3.9% real (inflation adjusted) return objective.
- Total fund to consistently rank in the top half of total public fund universe and to meet or exceed policy index.
- Investment managers to consistently rank in the top half of appropriate public fund universe and to meet or exceed appropriate index.
- Above average risk-adjusted returns, when compared to comparable funds.
- Risk exposure of total fund to be centered in the mid-range of comparable total public funds.
- Results generally measured over a full market cycle, approximately 3 - 5 years.

The System's targeted asset allocation consists of 55% equities, 27% fixed income including cash and short term investments used to pay benefits, with the remaining 18% allocated to real estate and alternative investments.

2004

**INDEPENDENT AUDITOR'S
REPORT***to all active members & retirees of the
General Retirement System of the City of Detroit*

The financial statements of the General Retirement System of the City of Detroit have been audited by the independent auditing firm of Plante Moran. Plante Moran's report is available for review on the Retirement System's web site, www.rscd.org. Copies of the report can be obtained by a request, in writing, to the Retirement System's Office.

STATEMENT OF NET ASSETS AVAILABLE FOR PENSION BENEFITS

	2004	2003
ASSETS		
Cash	\$8,051,609	\$0
Investment, at market value	2,554,004,072	2,336,018,795
Accrued Investment Income	8,411,293	8,326,932
Contributions Receivable	7,651,467	8,447,812
Receivables from Investment Sales	76,350,780	50,147,570
Other Accounts Receivable	688,729	1,077,197
Capital Assets	569,142	598,933
Securities Lending Collateral	238,757,976	140,498,910
TOTAL ASSETS	\$2,894,485,068	\$2,545,116,149
LIABILITIES		
Bank Overdraft	0	1,665,263
Payables for Investment Purchases	99,488,967	44,738,382
Claims Payable to Retirees and Beneficiaries	6,473,803	4,551,486
Accrued Pension Benefits	0	0
Due to Other Funds	1,672,755	1,608,667
Other Liabilities	26,594,553	28,229,227
Securities Lending Collateral	238,757,976	140,498,910
TOTAL LIABILITIES	\$372,988,054	\$221,291,935
FUND BALANCES		
Annuity Reserves:		
Annuity Savings Fund	658,348,546	688,573,496
Annuity Reserve Fund	34,868,163	31,090,653
Pension Reserves:		
Pension Accumulation Fund	338,853,366	355,463,047
Pension Reserve Fund	1,438,173,394	1,462,541,180
Market Stabilization Fund	51,253,545	(213,844,162)
TOTAL FUND BALANCES	\$2,521,497,014	\$2,323,824,214
TOTAL LIABILITIES & FUND BALANCES	\$2,894,485,068	\$2,545,116,149

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE

	ANNUITY RESERVES			PENSION RESERVES			TOTAL
	ANNUITY SAVINGS FUND	ANNUITY RESERVE FUND	MARKET STABILIZATION FUND	PENSION ACCUMULATION FUND	PENSION RESERVE FUND		
Revenues:							2003
City Contributions	\$0	\$0	\$0	\$95,876,076	\$0	\$95,876,076	\$72,859,246
Members' Contributions	24,220,958	0	0	69,320	0	24,290,278	25,046,453
Investment Income-Net	47,520,167	2,559,171	265,097,707	(88,716,978)	110,122,974	336,583,041	81,733,380
TOTAL REVENUES	71,741,125	2,559,171	265,097,707	(7,228,418)	110,122,974	456,749,395	179,639,079
Expenses:							
Pension & Annuity Benefits	0	4,214,635	0	0	152,706,564	156,921,199	151,158,815
General & Administrative	0	0	0	3,862,436	0	3,862,436	3,769,641
Refunds	97,437,678	0	0	855,282	0	98,292,960	90,883,100
TOTAL EXPENSES	97,437,678	4,214,635	0	4,717,718	152,706,564	259,076,595	245,811,556
Excess (Deficiency) of Revenue							
Over (Under) Expenses	(25,696,553)	(1,655,464)	265,097,707	2,510,700	(42,583,590)	197,672,800	(66,172,477)
Transfers-Net	(4,528,397)	5,432,974	0	(19,120,381)	18,215,804	0	0
Fund Balances at							
Beginning of Year	688,573,496	31,090,653	(213,844,162)	355,463,047	1,462,541,180	2,323,824,214	2,389,996,691
FUND BALANCES							
AT END OF YEAR	\$658,348,546	\$34,868,163	\$51,253,545	\$338,853,366	\$1,438,173,394	\$2,521,497,014	\$2,323,824,214

2003-2004 FISCAL YEAR INVESTMENT ACTIVITY

The General Retirement System is a relatively mature plan in that the number of active employees and retirees receiving benefits is approximately equal. The total benefits paid during the year were \$255,214,159 (almost \$20 million per month) which was up 5% from the prior fiscal year. The investments of the system are the primary source of the funds used to pay these benefits. Accordingly, the investment activity and asset allocation must balance the desire for long term appreciation with relatively large requirements for cash to pay benefits every month.

The Board of Trustees has adopted the following goals and objectives which are designed to meet the 7.9% actuarial assumed rate of return for the fund:

- An 8.25% total return, net of investment management fees, coupled with a 3.9%

- real (inflation adjusted) return objective
- Total fund to consistently rank in the top half of total public fund universe and to meet or exceed policy index.
- Investment managers to consistently rank in the top half of appropriate public fund universe and to meet or exceed appropriate index
- Above average risk-adjusted returns, when compared to comparable funds
- Risk exposure of total fund to be centered in the mid-range of comparable total public funds.
- Results generally measured over a full market cycle, approximately 3 - 5 years.

The 2003 - 2004 fiscal year marks the fourth full year of the implementation of the Board's strategic policy decision to shift the asset allocation of the system to include a greater proportion

of equities (stocks) and a lesser proportion of fixed income investments (bonds). The System's targeted asset allocation consists of 55% equities, 23% fixed income including cash and short term investments used to pay benefits, with the remaining 22% allocated to real estate and alternative investments. During the 2003 - 2004 fiscal year the System's targeted asset allocation and composition of investment management were updated. Two firms were hired to manage enhanced S&P 500 index accounts. Two firms managing large cap value/core equities were terminated and the assets allocated to three other firms. One firm managing international equities was replaced. The overall returns from the new firms hired have been particularly good. The Board hired a consultant to advise on its investments in the alternative investments asset class.

The Board made a strategic allocation of 5% of the System's assets to the market neutral asset class and hired three firms to manage these assets. Market neutral strategies are alternative investments designed to deliver positive returns irrespective of whether the stock market goes up or down. This was done to dampen the volatility of the performance of the System.

The Board maintained the scope and diversification of its real estate and private equity assets. Returns from real estate and private equity were exceptionally strong during this fiscal year.

3005

INDEPENDENT AUDITOR'S REPORT

to all active members & retirees of the
general retirement system of the city of detroit

The financial statements of the General Retirement System of the City of Detroit have been audited by the independent auditing firm of Plante Moran. Plante Moran's report is available for review on the Retirement System's web site, www.rscd.org. Copies of the report can be obtained by a request, in writing, to the Retirement System's Office.

**STATEMENT OF NET ASSETS AVAILABLE
FOR PENSION BENEFITS**

ASSETS	2005	2004
Cash	\$23,279,582	\$8,051,609
Investment, at market value	3,383,373,136	2,554,004,072
Accrued Investment Income	10,236,614	8,411,293
Contributions Receivable	0	7,651,467
Receivables from Investment Sales	133,349,955	76,350,780
Other Accounts Receivable	475,090	688,729
Capital Assets	460,054	569,142
Securities Lending Collateral	0	238,757,976
TOTAL ASSETS	\$3,551,174,431	\$2,894,485,068
LIABILITIES		
Payables for Investment Purchases	167,433,642	99,488,967
Claims Payable to Retirees and Beneficiaries	15,317,706	6,473,803
Accrued Pension Benefits	0	0
Due to Other Funds	1,778,305	1,672,755
Pension over Contribution	12,303,429	0
Other Liabilities	35,455,022	26,594,553
Securities Lending Collateral	0	238,757,976
TOTAL LIABILITIES	\$232,288,104	\$372,988,054
FUND BALANCES		
Annuity Reserves:		
Annuity Savings Fund	632,101,967	658,348,546
Annuity Reserve Fund	38,652,617	34,868,163
Pension Reserves:		
Pension Obligation Certificate	680,103,722	0
Pension Accumulation Fund	304,087,675	338,853,366
Pension Reserve Fund	1,567,447,879	1,438,173,394
Market Stabilization Fund	96,492,467	51,253,545
TOTAL FUND BALANCES	\$3,318,886,327	\$2,521,497,014
TOTAL LIABILITIES & FUND BALANCES	\$3,551,174,431	\$2,894,485,068

FINANCIAL SECTION

STATEMENT OF REVENUES, EXPENSES & CHANGES IN FUND BALANCE

	ANNUITY RESERVES			PENSION RESERVES			TOTAL
	ANNUITY SAVINGS FUND	ANNUITY RESERVE FUND	MARKET STABILIZATION FUND	ACCRUED LIABILITY RESERVE FUND	PENSION ACCUMULATION FUND	PENSION RESERVE FUND	
Revenues:							2004
City Contributions	\$0	\$0	\$0	\$739,793,898	\$41,689,528	\$0	\$781,483,426
Members' Contributions	22,572,347	0	0	0	76,315	0	\$22,648,662
Investment Income, Net	58,619,317	2,770,790	45,238,922	5,116,908	49,988,238	114,680,477	276,414,652
TOTAL REVENUES	81,191,664	2,770,790	45,238,922	744,910,806	91,754,081	114,680,477	1,080,546,740
Expenses:							2005
Pension & Annuity Benefits	0	4,462,200	0	0	0	167,789,179	172,251,379
General & Administrative Expenses	0	0	0	0	4,023,939	0	4,023,939
Refunds	105,512,457	0	0	0	1,369,652	0	106,882,109
TOTAL EXPENSES	105,512,457	4,462,200	0	0	5,393,591	167,789,179	283,157,427
Excess (Deficiency) of Revenue Over (Under) Expenses	(24,320,793)	(1,691,410)	45,238,922	744,910,806	86,360,490	(53,108,702)	797,389,313
Transfers, Net	(1,925,786)	5,475,864	0	(64,807,084)	(121,126,181)	182,383,187	0
Fund Balances at Beginning of Year	658,348,546	34,868,163	51,253,545	0	338,853,366	1,438,173,394	2,521,497,014
FUND BALANCES AT END OF YEAR	\$632,101,967	\$38,652,617	\$96,492,467	\$680,103,722	\$304,087,675	\$1,567,447,879	\$2,521,497,014

2004 - 2005 FISCAL YEAR INVESTMENT ACTIVITY

The General Retirement System is a relatively mature plan in that the number of active employees and retirees receiving benefits is approximately equal. The total benefits paid during the year were \$279,133,488 (over \$23 million per month) which was up 19% from the prior fiscal year. The System currently pays out 8.7% of its assets in benefits every year. The investments of the system are the primary source of the funds used to pay these benefits. Accordingly, the investment activity and asset allocation must balance the desire for long term appreciation with relatively large requirements for cash to pay benefits every month.

The Board of Trustees has adopted the following goals and objectives which are designed to meet the 7.9% actuarial assumed rate of return for the fund:

- *An 8.25% total return, net of investment management fees, coupled with a 3.9% real (inflation adjusted) return objective.*
- *Total fund to consistently rank in the top half of total public fund universe and to meet or exceed policy index.*
- *Investment managers to consistently rank in the top half of appropriate public fund universe and to meet or exceed appropriate index.*
- *Above average risk-adjusted returns, when compared to comparable funds.*
- *Risk exposure of total fund to be centered in the mid-range of comparable total public funds.*
- *Results generally measured over a full market cycle, approximately 3 - 5 years.*

The 2004 - 2005 fiscal year marks the fifth full year of the implementation of the Board's strategic policy decision to shift the asset allocation of the system to include a greater proportion of equities (stocks) and a lesser proportion of fixed income investments (bonds). The System's targeted asset allocation consists of 55% equities, 27% fixed income including cash and short term investments used to pay benefits, with the remaining 18% allocated to real estate and alternative investments.

During the 2004 - 2005 fiscal year the System's targeted asset allocation and composition of investment management were unchanged. The Board engages a retained consultant to advise on its investments and investment managers.

The Board maintained the scope and diversification of its real estate and private equity assets. Returns from real estate and private equity were exceptionally strong during this fiscal year. Real estate was the System's best performing asset class.

SUMMARY OF ASSUMPTIONS USED FOR DGRS ACTUARIAL VALUATIONS

*assumptions adopted by board of trustees
after consulting with actuary*

ECONOMIC ASSUMPTIONS

THE INVESTMENT RETURN RATE
used in making the valuation
was 7.9% per year, compounded
annually (net after administrative
expenses). The real rate of return
is the portion of total investment
return which is more than the
inflation rate. Considering other
economic assumptions, the 7.9%
total investment return rate
translates to an assumed real rate
of return of 3.9%.

PAY INCREASE ASSUMPTIONS
for individual active members
have been calculated. Part of the
assumption for each age
is for a merit and/or seniority
increase, and the other 4.0%
recognizes inflation.

**TOTAL ACTIVE MEMBER
PAYROLL** is assumed to increase
4.0% annually, which is the
portion of the individual pay
increase assumptions attributable
to inflation.

NON-ECONOMIC ASSUMPTIONS

**THE NUMBER OF ACTIVE
MEMBERS** is assumed to continue
at the present number.

THE MORTALITY TABLE
used to measure retired life
mortality was 90% of the 1983
Group Annuity Mortality Table.
This table was first used for the
June 30, 2003, valuation.

**THE PROBABILITIES OF
RETIREMENT** for members
eligible to retire have been
calculated. These probabilities
were revised for the June 30,
2003, valuation.

**THE PROBABILITIES OF
SEPARATION** from service
(including *death-in-service*
and *disability*) are shown
for sample ages. These probabilities
were revised for the June 30, 2003,
valuation.

FUNDING METHODS

**THE ENTRY AGE ACTUARIAL COST
METHOD** was used in determining
age & service pension liabilities and
normal cost, vesting liabilities and
normal cost, and casualty pension
liabilities and normal cost.

**DIFFERENCES BETWEEN
ASSUMED EXPERIENCE AND
ACTUAL EXPERIENCE** ("actuarial
gains and losses") become part of
actuarial accrued liabilities and are
amortized over a 15-year period.

**UNFUNDED ACTUARIAL ACCRUED
LIABILITIES** (net of actuarial
gains and losses after 6/30/92
and 6/30/98) are amortized over
a 20-year period, to produce
contribution amounts (principal &
interest) which are level percent of
payroll contributions.

EMPLOYER CONTRIBUTION
dollars were assumed to
be paid in equal monthly
installments throughout
the employer fiscal year.

PRESENT ASSETS were reported
to be valued using a three-year
smoothing of the difference
between expected and actual
investment income.

**THE DATA ABOUT PERSONS
NOW COVERED AND ABOUT
PRESENT ASSETS** were furnished
by the System's administrative staff.
Although examined for general
reasonableness, the data was not
audited by the Actuary.

*The actuarial valuation
computations were made by or
under the supervision of a Member
of the American Academy of
Actuaries (M.A.A.A.).*

$$\begin{array}{r}
 2005 \quad 9,171 \quad 7.9 \\
 \underline{1,340} \\
 9.24
 \end{array}$$

$$\begin{array}{r}
 2006 \quad 11,558 \quad 7.9 \\
 \underline{13,474} \\
 21,374
 \end{array}$$

$$\begin{array}{r}
 2007 \quad 18,938 \quad 7.9 \\
 \underline{15,086} \\
 22,986
 \end{array}$$

$$\begin{array}{r}
 2008 \quad -4,327 \\
 +7.9 \\
 \hline
 12,227
 \end{array}$$

$$\begin{array}{r}
 2009 \quad -19,667 \\
 +7.9 \\
 \hline
 27,567
 \end{array}$$

2003 total 722,661,149
 (2004)
 X Interest 7.677 %
 Balance pd out 55,428,1283 amount earned & not pd.
 out in 2004

2004 total 693,216,709
 2005 interest
 balance pd out X - .069
 47,831,932.921
 Cost 47 mil in 2005
 2005 = 693,216,709
 2004 = 670,754,584
 2004 - 12,462,125
 but only show a decrease
 of 12 million in the fund
 total 4 annuities only

2005 total X 632,101,967
 2006 interest
 balance pd out X 38,652,617
 2005 total
 - 2006 loss
 670,754,584
 - 9.816 %
 - 65,841,269.76544
 604,913,314.03456

2006 total X 695,457,110
 2007 interest
 balance pd out X 24,048
 670,754,584
 667,305,007 theoretical at end of 2007
 776,140,939 actual at end of 2007
 109 mil > than expected

2003^{card} total 722,441,149

2004^{subset} ^{ratio} $\times .15577$

+ 112,568,927,17973
= 834,835,041

2005 show
670,754,584

2006 show
693,216,709

	Earned	Ratio	Bonus	Balance
2004	15,577 <u>-7.9</u> 7.677	7.9	0	7.9 +7.677
2005	<u>9,171</u>	7.9	1,340	7.9 $\frac{9.24}{.069}$ - .069 %
	LS +1,340 <u>9,240</u>			
2006	<u>11,558</u>	7.9	13,474	$\frac{21,374}{11,558}$ -9,816
	LS +13,474 <u>21,374</u>			
2007	18,938	7.9	15,086	$\frac{22,986}{18,938}$ -4,048
	LS $\frac{15,086}{22,986}$			
2008	-4,327	7.9	0	$\frac{-4,327}{+7.9}$ -12,227
				12,227
2009	-19,667	7.9	0	$\frac{-19,667}{7.9}$ -27,567
				27,567
2010	4,54	7.9	0	$\frac{7.9}{-4.54}$ -3,36
				3.36
2011	20,218	7.9		$\frac{20,218}{-7.9}$ +12,318
				12,318
2012	7,529	7.9		$\frac{7.9}{.529}$ -7,371
				.529
2013	+12,233	7.9	12,233	$\frac{12,233}{7.9}$ +4,333 %
				7.9

RSCD/Annuity Interest Credits -Annuity Saving Fund(ASF)

Fiscal Year (FY)	Guaranteed ASF Interest Rate on Returns	ASF Interest Bonus *	Annuity Fiscal Year Market Rate of Return	POA Clawback Recoupment Interest rate used	AFS Return Above Guaranteed 7.9	AFS Actual Return for Fiscal year
6/30/2004	7.90%		15.577%	7.9%	7.677%	15.577%
6/30/2005	7.90%	1.340%	9.171%	7.9%	1.271%	9.171%
6/30/2006	7.90%	1.3474%	11.558%	7.9%	3.658%	11.558%
6/30/2007	7.90%	15.0857%	18.938%	7.9%	11.038%	18.938%
6/30/2008	7.90%		-4.327%	0.0%	0.000%	7.90%
6/30/2009	7.90%		-19.670%	0.0%	0.000%	7.90%
6/30/2010	7.90%		4.540%	4.54%	0.000%	7.90%
6/30/2011	7.90%		20.218%	7.9%	12.318%	7.90%
6/30/2012	7.90%		0.529%	0.529%	0.000%	7.90%
6/30/2013	7.90%		12.233%	7.9%	4.333%	7.90%
Average Investment Return		5.924%	6.877%	5.247%	4.030%	10.264%

Detroit Concerned Citizens and Retirees

313.444.0061

Current Meeting Location / Day / Time

12511 Woodward @ Highland (Highland Park, MI)
Mondays, 11:00 a.m.

Not Involved? JOIN with us & Bring Family / Friends!
Let's Keep The Movement Moving!

d, f

722, 664, 149

693, 216, 709

670,754,584 \pm 35 million

$$695,457,110 \neq$$

776, 148, 975

778,644,764

758, 143, 437

714,328,432

671, 269, 386...

365 661 595

2,417,515,370

2006

653,487,930

41,969,180

695,457,110

X 18,938

2007

733,143,529

42,997,446

776,140,975

4,327

2008

732,670,998

45,973,766

778,644,764

19,667

2009

702,959,255
55,184,182

758,143,437

+ 4,540

2010

649,554,738

64,773,694

714,328,432

+ 20,218

2011 596,048,582

75,220,724

671,269,306

,529

$$2010 + 20,218 \rightarrow$$

7.9

$$\frac{12,318}{\text{undepd}}$$

7.9

$$2010 + 4,540$$

7.9

$$\frac{3,360}{\text{overpd}}$$

2011

$$+ 20,218$$

7.9

$$\frac{12,318}{\text{undepd}}$$

2013

$$+ 12,33$$

7.9

$$\frac{4,43}{\text{undepd}}$$

made 4
pd

$$+ .529\%$$

$$\frac{2012 \cdot 7.9}{\text{overpd}}$$

$$7.429 \text{ overpd}$$

DETROIT GENERAL RETIREMENT SYSTEM UNDER THE PLAN OF ADJUSTMENT

FREQUENTLY ASKED PENSION QUESTIONS FOR ACTIVE GENERAL CITY EMPLOYEES RELATING TO ANNUITY SAVINGS FUND

Q1 -- Where can I find information about the Annuity Savings Fund return rates for Fiscal Years 2004-2013 to replicate the calculation of excess earnings and verify the estimated recoupment that appears on my ballot?

A1 -- For purposes of calculating the excess regular interest earnings in your Annuity Savings Fund account in the City's proposed Plan of Adjustment, the City used the same rule that was provided in former Section 47-1-18 of the Detroit City Code in effect when the recoupment amounts were calculated. Under that rule, annual Annuity Savings Fund interest credit was based on the actual returns earned by GRS, except that in no year could the return be less than zero (0%) or more than 7.9%. Section 47-1-18, as amended, is now Section A-18 of Component II of the New GRS Pension, and the maximum interest crediting rate will be 5.25%, effective for plan years beginning on or after July 1, 2014. See Q&A 7.

The market return rates that the GRS actually earned, the investment rates you were actually credited, and the return rates that were used to calculate excess earnings for purposes of Annuity Savings Fund Recoupment are as follows:

Fiscal Year End	Actual Market Rate of Return	Regular Interest Allocated to ASF Accounts	Bonus Interest Allocated to ASF Accounts	Investment Rate Under Code Section 47-1-18
June 30, 2004	15.577%	7.9%	0.0%	7.9%
June 30, 2005	9.171%	7.9%	1.340%	7.9%
June 30, 2006	11.558%	7.9%	13.474%	7.9%
June 30, 2007	18.938%	7.9%	15.086%	7.9%
June 30, 2008	-4.327%	7.9%	0.0%	0.0%
June 30, 2009	-19.667%	7.9%	0.0%	0.0%
June 30, 2010	4.540%	7.9%	0.0%	4.540%

Thomas Rynchou

June 30, 2011	20.218%	7.9%	0.0%	7.9%
June 30, 2012	0.529%	7.9%	0.0%	0.529%
June 30, 2013	12.233%	7.9%	0.0%	7.9%

Please be aware that if the total excess regular interest earnings and bonus interest earnings in your ASF Account based on the annual return rates set forth above were greater than 20% of the highest year-end value of your account, then for Plan of Adjustment purposes your excess earnings are 20% of the highest year end value of your account and not the excess amount.

Q2 -- Can I make a lump sum payment equal to the amount GRS seeks to recoup for the excess earnings on the Annuity Savings Fund, instead of having monthly deductions from my pension checks? If so, how do I make this payment?

A2 -- YES. After the Plan of Adjustment becomes effective, you will be given a **one-time** opportunity to make a lump sum payment of excess earnings to GRS. Shortly after the effective date of the Plan of Adjustment, you will receive an election form that will contain your lump sum payment amount and offer you the chance to repay excess earnings in a lump sum payment. You must return the election form no later than the election date set forth on the form ("Election Date") in order to be eligible for the lump sum option. There is a cap on the total amount of lump sum re-payments that can be made by all participants to GRS; if the total amount participants elect to pay in cash exceeds the cap, each electing participant will be permitted to make a lump sum payment of his or her pro rata share of the cap, as determined by GRS. The rest of the excess earnings will be deducted from your monthly pension checks. If you make an election, then within 14 days of the Election Date GRS will send you a "Final Cash Payment Notice" that contains the amount of your lump sum cash payment. You will have 90 days from the effective date of the Plan of Adjustment or 50 days from the date GRS mails your Final Cash Payment Notice (whichever date is later) to make a lump sum payment to GRS. **This deadline will not be extended for any person under any circumstances.** Payment must be made in the form of a cashier's check or wire transfer. No personal checks will be accepted.

Q3 -- If I have already "rolled" my annuity into another retirement plan, will GRS allow me to roll it back into GRS to cover the amount sought under the recoupment? If so, will this amount be subject to taxes?

A3 Maybe. See Q&A 2 for a description of your right to make a lump sum cash repayment of amounts subject to recoupment. If the retirement plan or IRA that you rolled your annuity payment into is willing to directly transfer the recoupment amount to GRS, GRS will accept the transfer from the trustee of the retirement plan or the custodian of the IRA. Further information on how to make a transfer from a retirement plan or IRA will

be provided. The City recommends that you contact your personal tax advisor for information about the tax treatment of any amounts rolled back into GRS.

Q4 -- If I have not taken a full distribution of my Annuity Savings Fund account, will GRS recoup the balance in my Annuity Savings Fund account in full before deducting from my pension checks?

A4 -- YES. If the excess earnings cannot be recouped from the current balance in your Annuity Savings Fund account, then you can pay the remainder in a lump sum cash payment as described in Q&A 2. If you do not make a lump sum payment, your excess earnings will be recouped by reducing your monthly pension when you retire.

Q5 -- If I am a former City employee with more than 10—but less than 25—years of service and I previously withdrew the entire balance of my Annuity Savings Fund account and paid an early withdrawal penalty, how does GRS intend to recoup my excess earnings?

A5 -- The excess earnings that GRS intends to recoup was determined without regard to whether employees who took distributions of their Annuity Savings Fund accounts have already paid taxes on the distributions. If you paid taxes (including an early withdrawal penalty) when you received distribution of your Annuity Savings Fund account, you may be able to file an amended tax return. Neither the City nor any of its employees can provide tax advice to GRS members. The City recommends that you contact your personal tax adviser for more information.

Q6 -- Will I be able to withdraw the balance of my Annuity Savings Fund account after 25 years of service, and before reaching 60 or 62 years of age, and continue working for the City? Can I still “roll it over” into another retirement plan?

A6 -- YES, with respect to contributions you made to your Annuity Savings Fund account under the Old GRS Pension. There is no in-service withdrawal option for your voluntary after-tax contribution account under the New GRS Pension.

Q7 -- After June 30, 2014, is my Annuity Savings Fund account “frozen” like any pension I may have earned under the Old GRS Pension?

A7 -- Your contributions will stop under the Old GRS Pension effective as soon as practicable after June 30, 2014. You may make voluntary after-tax contributions of 3%, 5% or 7% of your pay to the GRS after that date, but those contributions will be subject to the rules under the New GRS Pension. Your Annuity Savings Fund account under the Old GRS Pension will continue to be credited with earnings until you withdraw it. For purposes of interest credits after June 30, 2014, your Annuity Savings Fund account will be credited with the actual net investment returns of GRS, except the credited interest rate will never be lower than 0% or greater than 5.25%.

2004 Annuity
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Retirement Systems City of Detroit

Annuity Refund Inquiry Report

DARRAH, LUCINDA J

Pension Number 169863

<u>Revenue Group</u>	General City	<u>Payroll Status</u>	LOA	<u>Annuity Status</u>	Retired
<u>Vested?</u>	Yes	<u>Birth Date</u>	06/20/1944	<u>Start Date</u>	01/01/1977
<u>Annuity Address</u>	492 PETERBORO DETROIT, MI 48201				

RecoupmentLast Annuity Date 06/28/2013

<u>Accumulated Balance</u>	<u>Interest</u>	<u>Adjustments</u>
<u>July 1 Balance</u>	\$0.00	<u>Up To 1970</u>
<u>Current Contribution</u>	\$0.00	<u>Total To Date</u>
<u>Total To Date</u>	\$0.00	<u>Current Year</u>
<u>Total Contributions</u>	\$0.00	<u>Pre-Tax Contribution</u>
<u>Non-Taxable Amount</u>	\$0.00	<u>Taxable Amount</u>
<u>Total Annuity</u>	\$0.00	<u>Net Annuity</u>